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**FILED**  
**KEN BENNETT**  
**SECRETARY OF STATE**

State of Arizona  
Senate  
Forty-ninth Legislature  
First Regular Session  
2009

CHAPTER 94

## **SENATE BILL 1182**

AN ACT

AMENDING SECTION 35-185.01, ARIZONA REVISED STATUTES; RELATING TO THE STATE  
TREASURER'S WARRANT NOTES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

1 Be it enacted by the Legislature of the State of Arizona:

2 Section 1. Section 35-185.01, Arizona Revised Statutes, is amended to  
3 read:

4 35-185.01. Treasurer's warrant notes; form; redemption;  
5 exception

6 A. If no monies are available for payment of warrants or electronic  
7 funds transfer vouchers of the department of administration presented to the  
8 state treasurer pursuant to section 35-185, the treasurer in lieu of payment  
9 shall issue and shall exchange or sell a treasurer's warrant note or notes in  
10 the amount or amounts equal to the sum of the face value of the warrants or  
11 electronic funds transfer vouchers presented for payment. Treasurer's  
12 warrant notes shall be issued in lieu of payment of general fund warrants or  
13 electronic funds transfer vouchers only or in exchange for previously issued  
14 treasurer's warrant notes. BEFORE ISSUING WARRANT NOTES, THE STATE TREASURER  
15 IS NOT REQUIRED TO DIVEST FROM BOARD FUNDING OBLIGATIONS ISSUED PURSUANT TO  
16 SECTION 28-7678, MONIES IN THE BUDGET STABILIZATION FUND OR OPERATING MONIES  
17 INVESTED IN SECURITIES THAT ARE EARNING A RATE OF INTEREST GREATER THAN THE  
18 COST OF ISSUING WARRANT NOTES. FOR THE PURPOSES OF THIS SUBSECTION, "NO  
19 MONIES ARE AVAILABLE" MEANS NO OPERATING CASH BALANCE IS AVAILABLE TO PAY  
20 WARRANTS EXCEPT FOR THOSE OPERATING MONIES INVESTED IN BOARD FUNDING  
21 OBLIGATIONS ISSUED PURSUANT TO SECTION 28-7678, MONIES IN THE BUDGET  
22 STABILIZATION FUND OR OPERATING MONIES INVESTED IN SECURITIES THAT ARE  
23 EARNING A RATE OF INTEREST GREATER THAN THE TOTAL COST OF ISSUING ANY WARRANT  
24 NOTES.

25 B. The face value of a treasurer's warrant note may be equal to the  
26 sum of any combination of warrants presented for payment. The treasurer may  
27 sell warrant notes at public or private sale and shall use the proceeds of  
28 ~~such~~ THE sale for payment of warrants previously presented pursuant to  
29 section 35-185. Treasurer's warrant notes shall not be sold at a price below  
30 their face value.

31 C. Each treasurer's warrant note sold or exchanged shall be dated the  
32 date the respective warrants are presented for payment. If the date of  
33 delivery of a treasurer's warrant note that is sold is later than the date of  
34 presentment of the respective warrant or warrants, the purchaser of the  
35 treasurer's warrant note shall pay ~~such~~ THE accrued interest as an additional  
36 purchase price. ~~Such~~ THE accrued interest shall be paid to the holder of the  
37 respective unpaid warrant or warrants which shall be deemed to bear interest  
38 at the same rate as the respective treasurer's warrant note from presentment  
39 to payment from the proceeds of warrant notes sold.

40 D. The treasurer shall establish a maturity date for each treasurer's  
41 warrant note of not longer than ninety days from the date of initial  
42 issue. The treasurer may specify that treasurer's warrant notes may be  
43 called for redemption at any time before the specified maturity date.

44 E. The treasurer shall pay interest from the treasurer's warrant note  
45 redemption fund on the face value of each warrant note at the rate

1 established by the state treasurer at the time of issuing the warrant  
2 note. Interest shall be paid from the date of the treasurer's warrant note  
3 until the maturity date or redemption date. The treasurer shall establish  
4 the interest rate before the exchange or sale of warrant notes at a rate not  
5 in excess of the maximum rate permitted by the state loan commissioners.

6 F. The state loan commissioners, at a meeting called and chaired by  
7 the state treasurer, shall fix or change the maximum rate of interest that  
8 may be paid on warrant notes. No change of the maximum allowable rate of  
9 interest as established by the state loan commissioners shall affect warrant  
10 notes issued before the date of the change.

11 G. Each treasurer's warrant note shall be signed by the treasurer or  
12 THE TREASURER'S designated agent and countersigned by the director of the  
13 department of administration OR THE DIRECTOR'S DESIGNATED AGENT. ~~One of the~~  
14 ~~two required signatures may be a facsimile.~~ THE REQUIRED SIGNATURES MAY BE  
15 ELECTRONIC SIGNATURES. All treasurer's warrant notes shall be substantially  
16 in the following form:

17                                   Treasurer's warrant note  
18                                   (19\_\_ 20\_\_ to \_\_\_\_ fiscal year)  
19                                   Number \_\_\_\_\_  
20                                   Phoenix, Arizona \_\_\_\_\_, 19\_\_ 20\_\_  
21                   On \_\_\_\_\_, 19\_\_ 20\_\_, the treasurer of the  
22                   state of Arizona will pay to the order of \_\_\_\_\_  
23                   at \_\_\_\_\_ \$ \_\_\_\_\_ with  
24                   interest at \_\_\_\_\_ per annum from the date of issuance until  
25                   paid (calculated on a 365/366 day basis).

26  
27                                   (insert early redemption provisions)

28  
29  
30                   \_\_\_\_\_  
31                   (Countersigned)                                   State Treasurer  
32                   Director of the department  
33                   of administration

34 H. Treasurer's warrant notes may be exchanged or sold for the combined  
35 face value of any number of treasurer's warrant notes previously issued.  
36 Except for those treasurer's warrant notes issued in exchange for or to  
37 redeem treasurer's warrant notes previously issued, no treasurer's warrant  
38 notes may be issued, exchanged or sold except in payment of or to provide  
39 monies for the payment of a warrant or warrants presented for payment as  
provided in section 35-185.

40 I. Treasurer's warrant notes issued in any fiscal year shall be  
41 numbered consecutively beginning with the number one. Treasurer's warrant  
42 notes shall be redeemed in numerical order. If the treasurer has sufficient  
43 monies to pay only a portion of the lowest numbered outstanding warrant note,  
44 he may deposit ~~such~~ THE monies with the paying agent pursuant to subsection K  
45 of this section or call in ~~such~~ THE lowest numbered warrant note, before

1 maturity according to its terms, and pay the bearer the amount available and  
2 issue to the bearer a new warrant note bearing a number that will preserve,  
3 for the new warrant note, the priority of the partially paid warrant note and  
4 bearing a value equal to the amount of principal and interest remaining  
5 unpaid. The new warrant note and the partial payment of principal and  
6 interest on the partially paid warrant note shall be exchanged for the  
7 partially paid warrant note. The new warrant note shall pay interest at the  
8 same rate as the partially paid warrant note. The treasurer may make ~~such~~  
9 THE changes in the form and date of the new warrant note as necessary to  
10 reflect the amount of unpaid interest on the partially paid warrant note.

11 J. The treasurer may include in the form of the treasurer's warrant  
12 notes such provisions regarding the redemption and payment of treasurer's  
13 warrant notes before maturity as are consistent with subsections I and K of  
14 this section and section 35-185.02. If prior redemption is to be a provision  
15 of a treasurer's warrant note, the note shall provide a method of  
16 notification of the holder of the note by publication or written, telegraphic  
17 or electronic means as chosen by the treasurer.

18 K. The treasurer may appoint a paying agent for the purpose of  
19 facilitating the redemption and payment of treasurer's warrant notes. Monies  
20 deposited with the paying agent shall be allocated to the payment of the  
21 principal of, interest on and any prior redemption premiums associated with  
22 treasurer's warrant notes in numerical order. A treasurer's warrant note  
23 shall be deemed paid for all purposes of this section and section 35-185.02  
24 when there is deposited with the paying agent sufficient monies to pay all  
25 amounts when due on the treasurer's warrant note and all amounts when due on  
26 all outstanding treasurer's warrant notes bearing a lower number. A paying  
27 agent appointed pursuant to this subsection shall provide security deposits  
28 as required by the treasurer.

29 L. When the treasurer or the paying agent, if payment is made to a  
30 paying agent, pursuant to subsection K of this section, pays treasurer's  
31 warrant notes or when ~~such~~ THE warrant notes are redeemed he shall mark on  
32 the face of ~~such~~ THE treasurer's warrant notes the word "cancelled" OR CANCEL  
33 THE WARRANT NOTES BY ELECTRONIC MEANS indicating the date of cancellation and  
34 shall promptly present ~~such~~ THE notes to the director of the department of  
35 administration who shall give the state treasurer a receipt therefor.

36 M. If the state loan commissioners determine that it will result in a  
37 lower net effective interest rate on one, some or all warrant notes to be  
38 issued by the treasurer during the current fiscal year, the commissioners may  
39 authorize the treasurer to purchase letters of credit and to incur and pay  
40 insurance premiums, attorney fees or other related costs incurred with  
41 respect to treasurer's warrant notes. All such payments shall be treated in  
42 the same manner as interest to be paid on treasurer's warrant notes and shall  
43 be paid from the treasurer's warrant note redemption fund.

1        N. If treasurer's warrant notes are to be exchanged for warrants held  
2 by banks or savings and loan associations, the treasurer may enter into  
3 agreements with such banks or savings and loan associations to provide for  
4 the issuance, reissuance and custody of treasurer's warrant notes, the fixing  
5 of the interest rates on such THE treasurer's warrant notes and the method of  
6 giving notice to the holders of the notes. Such agreements may provide for a  
7 book entry system for the treasurer's warrant notes or may provide for the  
8 issuance of one note with an appropriate grid on the reverse, which shall  
9 show the advancements made by the banks or savings and loan associations and  
10 also the payments of interest and reductions of principal. Such agreements  
11 may be continuing in nature, may be executed at any time and may apply to any  
12 treasurer's warrant notes exchanged for either warrants or treasurer's  
13 warrant notes at any time during the remainder of the fiscal year in which  
14 the agreement is made. The agreements shall provide a method to preserve the  
15 priority of, interest rate on and other terms of each treasurer's warrant  
16 note exchanged pursuant to the agreement. No such agreement shall become  
17 effective until approved by the state loan commissioners.

APPROVED BY THE GOVERNOR JULY 10, 2009.

FILED IN THE OFFICE OF THE SECRETARY OF STATE JULY 10, 2009.